

FAA OFFICE OF THE CHIEF COUNSEL
DEPT. OF TRANSPORTATION
DOCKETS

NOV 29 2007

DMS

CHESEPEAKE BAY HELICOPTERS and 2000 FEB 29 A 11: 18
WILSON E. GILLIAM, individually,
Complainant,

Vs.

Docket No.:16-07-12

MONROE COUNTY,
a political subdivision of the State of Florida
Respondent.

COUNTY'S ANSWER BRIEF

1. Did Peter Horton's and/or Paul Depoo's 2001-2005 refusals to lease our company ramp operating space result in violation's of federal policy?

Initially, it is important to point out that the tie down ramps and the hangar facilities at KWIA are leased, in part, to Island City Flying Service and to KWIA Hangar Corporation, Inc. Mr. Horton does not have the ability to enter into a lease for general aviation ramp or hangar space. Those functions are performed by the FBO and/or the KWIA hangar corporation. With regard to Mr. Depoo, it is the County's understanding that during the 2001-2005 time period, Mr. Depoo was willing to lease ramp space to CBH but could not lease commercial office space to CBH due to the fact that ICFS did not have any commercial space available. Mr. Gilliam could have leased ramp space if he so desired since Mr. Depoo was willing to lease ramp space, however, Mr. Gilliam was interested in engaging in commercial activity. It appears apparent that Mr. Gilliam was attempting to obtain the commercial space he required because during this period of time, CBH was engaged in protracted negotiations with Island Aeroplane Tours for purchase and acquisition of their business and leasehold at the KWIA (See composite attachment 1). However, those negotiations reached an impasse. It was not until the breakdown in negotiations that Mr. Gilliam turned to the County for assistance, which the County provided. As is evident from Mr. Horton's response, the first time Mr. Gilliam made the County aware of his issues regarding access onto Key West International Airport was on March 6, 2005, in an e-mail requesting a response to an attached letter (See attachment 2). Other than providing Mr. Horton with a courtesy copy of a September 1, 2001, business proposition letter Mr. Gilliam sent to ICFS prior to March 6, 2005, Mr. Gilliam had limited his contact and efforts to obtain ramp space, to business negotiations with either Island City Flying Service or Island Aeroplane Tours. During the 2001 - 2005 time period Mr. Gilliam did not seek County assistance. As Mr. Horton states in his prompt e-mail response of March 7, 2005, Mr. Horton was unaware of Mr. Gilliam's issue until

late the week before (See attachment 3). Mr. Gilliam then responded by thanking Mr. Horton for his prompt response (See attachment 4). Mr. Horton then provided Mr. Gilliam with a copy of the Airports Minimum Standards and Airport Master Plan and agreed to meet with Mr. Gilliam promptly in April to discuss his issues. Notwithstanding Mr. Gilliam's claims to the contrary, Mr. Gilliam could have leased ramp space at anytime during the 2001-2005 period. What Mr. Gilliam was unable to do during that period is begin commercial operations because he had been unsuccessful in negotiating the purchase of IAT and ICFS did not have commercial office space available for lease. Nonetheless, despite Key West International Airport having no available facilities, in January 2006 the County provided a space to CBH where they were able to place an office trailer from which they could conduct their operations. CBH voluntarily abandoned this space in December of 2006.

For the reasons outlined in response # 3 below Mr. Gilliam's complaint with regard to the Airport's Minimum Standards not being reasonable, relevant, and discriminatory is without merit.

2. Has the Monroe County Airport Authority (through its actions and policies) leased all of the KEYW ramp space to Island City Flying Service creating an exclusive right?

KWIA is situated on 255 acres bordered by environmentally sensitive wetlands which have acted as a de-facto moratorium on any airport expansion. The land area not used by the Airport for commercial aeronautical activity is leased to two different private general aviation commercial entities. One is Island City Flying Service which acts as the F.B.O., leases ramp space and also sublets commercial office space to IAT. The second entity, which leases hangars at KWIA, is KWIA Hangar Corporation. This latter entity, within the last two years, completed a major capitol improvement project wherein 20 new G.A. hangars were constructed along with a renovated public access ramp area. Although not dispositive, pursuant to Mr. Gilliam's part 13 informal complaint, the Orlando ADO found no exclusive rights violation. (See attachment 5) During 2003, a similar complaint was lodged by Walter Talbert of Southernmost Aviation, Inc. and again a finding was made that there was no Exclusive Rights violation. (See attachment 6) However, what should be dispositive is the fact that no single entity controls the ramp and hangar space at KWIA. Even more telling is the fact that Mr. Gilliam was provided the facilities from which to conduct a "SASO" type operation and had leased ramp space from which to conduct a "SASO" type operation. To quote AC 150/5190-6 section 1.3 b.2. Single Activity "The fact that a single business or enterprise may provide most or all of the on-airport aeronautical activity is not, in itself, evidence of an exclusive rights violation. What is an exclusive rights violation is the denial by the airport sponsor to afford other qualified parties an opportunity to be an on-airport aeronautical services provider". Mr. Gilliam was provided that opportunity and did in fact operate as an on-airport aeronautical services provider from January 2006 until he abandoned the airport in December 2006. Additionally, under AC 150/5190-6, "a single enterprise may expand as needed, even if its growth ultimately results in the occupancy of all available space." Even though a single entity does not control all available space at KWIA, I raise this to show that under FAA guidance a single entity may be allowed to control all available

space so long as a qualified applicant is not unreasonably excluded from operating an on-airport aeronautical activity without just cause. As stated earlier, Mr. Gilliam did operate on the airport.

3. Are the Airport Minimum Standards at KEYW both reasonable and attainable for SASO type operations as defined in the Airport Compliance Handbook, Section 5190.6A?

In 1990, Monroe County revised and adopted, via resolution 374-1990, the Minimum Standards for Commercial Aeronautical Activities by Fixed Base Operators and Other Aeronautical Service Providers at Monroe County Airports. These standards are provided to all applicants seeking to base their operations at either of the County's airports and are applied uniformly to all applicants. Island Aeroplane Tours received a limited waiver to the minimum standards due to the fact that the IAT first became a tenant prior to the adoption of the 1990 standards. IAT was compliant under the previous standards and was given a grace period during which time IAT was required to complete a facility that complies with current standards. That facility is now complete and IAT has removed the camper that was allowed on a temporary basis while IAT's facilities were under construction. In addition, IAT sub-leases commercial space from the FBO that provides IAT with the commercial space necessary for compliance with the minimum standards.

In the case of CBH, Mr. Gilliam is absolutely incorrect when he states that "CBH was denied airport space and was required to comply with FBO type requirements.....". As Mr. Gilliam has pointed out, and complained about, CBH was using a 10' by 10' portable building for its office space (See attachment 7) and did not have restroom facilities. The fact of the matter was that the County was making every attempt to accommodate Mr. Gilliam, and the minimum standards to which Mr. Gilliam refers to requiring 500 square feet of office space as well as restroom facilities, were clearly not imposed on CBH, nor did the County use those standards to exclude CBH from operating at the airport. These also were not a hindrance to his ability to operate, from the airport's point of view, from January through November 2006.

4. We would like a written lease with a reasonable term, which incorporates the same elements of the lease between Monroe County and the FBO.

This issue is in the form of a request, not a complaint. Nonetheless, while all of the County's leases at KWIA contain standard provisions, such as requirements that a lessor comply with all federal, state, county and local laws, rules and regulations, as well as the airport minimum standards, it would be inappropriate to provide a "SASO" type operation with a lease containing provisions for an FBO type of operation. An FBO lease sets out the activities an FBO can engage in and an FBO, by definition, engages in a greater variety of activities which may require greater capital outlay and justify a longer lease term. As a practical matter, while the County's leases contain many standard provisions in order to incorporate all of the grant assurance language as well as County and State requirements, no two leases are the same because no two operations are the same as in the instant case.

5. We would like to build a small storage facility either at KEYW or at Marathon for our operations.

This issue is in the form of a request, not a complaint. Nonetheless, this request could be accommodated at the Florida Keys Marathon Airport however; the area identified by Mr. Gilliam in his proposal of May 10 upon which he would like to build a small storage facility, is an area currently under lease to ICFS. Although the County interceded and attempted to mediate the differences between CBH and ICFS, they were unable to come to an agreement on a sublease. In fact, just prior to Mr. Gilliam abandoning KWIA, Mr. Horton had scheduled a meeting at his office to attempt to mediate a solution to the differences between CBH and ICFS.

Despite Mr. Gilliam's assertions, since April 22, 2005, Mr. Gilliam has indicated to the County that his desire was to operate out of Key West and not Marathon. Although Mr. Gilliam expressed an interest in Marathon during our initial contact in March of 2005, (See attachment 4) Mr. Gilliam subsequently withdrew interest in Marathon when on April 22, 2005, he informed the County that he is not interested in operating out of Marathon (See attachment 8). Mr. Gilliam then submits his May 10, 2005, proposal which contains neither reference nor request for facilities in Marathon. In August of 2005, Mr. Gilliam files an informal complaint and again no mention is made of his desire to operate in Marathon. The County was unaware of his desire for space in Marathon until the County received Mr. Gilliam's July 19, 2006, letter.

6. We would like a reasonable lease from the County for office space which incorporates a longer term, instead of month to month.

This issue is in the form of a request, not a complaint. The County has and will comply with the grant assurance lease requirements; however, the length of a term is not a grant assurance requirement.

7. We desire to train helicopters at KEYW.

This issue is in the form of a request, not a complaint. Unfortunately, this is emblematic of our dealings with Mr. Gilliam. While insisting that CBH be treated as a SASO, Mr. Gilliam proposes operations that would clearly remove Mr. Gilliam from the category of SASO. Appendix 1 of AC 150/5190-7 defines SASO as a single service provider. Mr. Gilliam needs to decide what scope of services he desires to provide so that the County can apply the correct minimum standards. Although the requirements were waived when Mr. Gilliam was sited on the airport, the County applied the minimum standards appropriate for a SASO. If Mr. Gilliam no longer proposes operating as a SASO, the County will need to apply a different set of minimum standards.

8. We would like to self-fuel from our own fuel truck.

This issue is in the form of a request, not a complaint. The issue was first brought to the County's attention via letter dated October 27, 2006, and would have been addressed at the meeting that was abruptly cancelled by Mr. Gilliam.

The County would certainly comply with Order 5190.6A regarding self-fueling and would review any request to self-fuel within the strictures of 5190.6A and NFPA 407 guidelines. However, since the County does not have space available on the Key West airport where CBH could perform self-fueling, the County would request guidance as to whether the County would be required to compel the FBO to provide such a space. The County does however, have space at the Marathon airport that could be set aside for self-fueling.

9. We would like to operate a sky sign from our helicopter.

This issue is in the form of a request, not a complaint. This request again removes CBH from the category of a SASO and the County would review the request under the minimum standards for an FBO providing secondary services.

10. Peter Horton acted unreasonably by providing no feedback to our email on 10 July 2006 and certified letter on 19 July 2006 – requesting additional guidance and information (attachment 24).

During this period of time CBH was operating on the airport and Mr. Horton had constant contact with the on-site representative of CBH Kevin Barnett and scheduled a meeting in order to address the issues raised in the e-mail and letter. At the time Mr. Horton scheduled the meeting, Mr. Horton was unaware of CBH's decision to abandon the airport.

11. Given that the transient ramps (both western overflow areas) are not required unless there are "major events", we request that the KWAA re-visit the idea of promoting a more thorough use of that area for the general aviation public.

This issue is in the form of a request, not a complaint. Initially, I would note that Mr. Gilliam's blanket assertion that the "overflow areas are not required unless there are "major events" is incorrect. During major events, the overflow areas fill beyond capacity however there is still a demand for overflow throughout the year. The overflow area is used at times by the nearby Naval base, as well as, other government agencies and is used by private aircraft as well. The photographs attached to the complaint after items 5 and 10 clearly show the overflow area being used. During the period of time CBH operated at the airport, the County encouraged ICFS, IAT and CBH work together to resolve their issues. As stated earlier, the ramp space requested by CBH is currently leased to ICFS. As it did while CBH operated at the airport, as it was prepared to do prior to CBH abandoning the airport, and as it will be prepared to do if CBH chooses to return to KWIA as a SASO, the County will attempt to mediate any differences that may arise. As

I stated in response #5, sufficient area exists at the Marathon airport for a small storage hangar.

12. There are no standard lease agreements, no standard ramp pricing and no oversight by the Airport Sponsor to insure fair pricing and general practices between the FBO and sublease arrangements.

(See response 4 above.) The airport has and will comply with its duties and obligations under the airports compliance handbook, grant assurances and all federal, state and local laws, rules and regulations and will investigate any claims of discriminatory practices, however, we would note that Mr. Gilliam's case is illustrative of the difficulties that would be inherent in attempting to standardize agreements. It was Mr. Gilliam that initially requested three tie down spaces (complainants attachment 24) and it was Mr. Gilliam who offered \$1,500 for the three spaces (complainants attachment 26) which would include use of hangar space as needed. It would be inappropriate for the County to set aside an agreement both sides negotiated fairly.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by mail to Mr. Wilson E. Gilliam, 5172 W. Military Hwy., Suite E, Chesapeake, Va. 23321-1100, this 5th day of November, 2007.



Pedro J Mercado
FBN: 0084050
Assistant County Attorney
P.O. Box 1026
Key West, FL 33040
(305) 292-3470 Ph.
(305) 292-3516 Fax

Subj: Re: IAT.27.June.2004
Date: 6/27/2004 9:54:39 AM Eastern Daylight Time
From: wgilliam@cbhelos.com
To: PittsSpecialS2c@aol.com
CC: phylliskohler@mchsi.com

Fred,

We have had a serious accident with one of our helicopters at the airport. It was completely destroyed. No one was injured - but we have lost the deductible and 20K worth of up front premium on the helicopter. Additionally, we have to pay the down payment on another helicopter. This accident has resulted in a direct loss to CBH of over 100K.

Unfortunately, this means that we will not be able to purchase IAT as according to the original plan. This is just as disappointing for me as it is for you. I believe that IAT is a perfect match for us and falls in line with a solid aviation business - which is what I live for.

If you can creatively develop another plan by which we might be able to purchase IAT, I will be listening. As of now - the only options that I know about would be:

1. Forgo the sale of IAT to CBH
2. Offer complete owner financing of IAT
3. Allow CBH to purchase the banner tow business and operate a helicopter out of the leased hangar area for a percentage to you - over a period of time.

This is all that we can afford to do. I apologize deeply for the change in plans - I thought we were finally there. This accident has made us draw back into a more conservative posture. I recently told you to proceed with the lawyer drawing up the papers - so we are willing to absorb that cost, of course.

Wilson

— Original Message —

From: PittsSpecialS2c@aol.com
To: wgilliam@cbhelos.com
Sent: Monday, June 21, 2004 10:08 PM
Subject: Fwd: (no subject)

COMPOSITE ATTACHMENT

1

Subj: IAT.02June2004
Date: 6/3/2004 3:03:05 PM Eastern Daylight Time
From: wgilliam@cbhelos.com
To: PittsSpecialS2c@aol.com
CC: pkohler@cbhelos.com, lgilliam@cbhelos.com

Fred,

I got your message on my phone. I am in the airport typing you a reply. I will be flying today and tomorrow - and most of the time my phone doesn't work in the mountains. Read over this and then we can talk sometime over the weekend.

Anyway - You said in your message that you don't want to do business "that way." I understand - but from our perspective - there has been very little negotiating on your part lately.

In mid-April 2004 - I sent you a message indicating that we were willing to pay \$450,000 for the business with \$250,000 down and the rest owner financed. You called me soon after that and told me that my last email sounded good - and to come on to Key West so that we could talk. I was surprised to discover in our meeting that the price was \$500,000 - after telling me on the phone that the \$450,000 sounded "good." I called you later to tell you that I didn't think we could do the \$500,000.

In an effort to continue our negotiations - I contacted the other owners of CBH - and spoke with them about you and IAT. We eventually agreed that the \$500K would be feasible (as a longer term investment). It was still much more than we wanted to pay for the company - and more than it is worth (on paper). At the time - CBH agreed that we would purchase IAT for \$500K and not a cent more.

I then called you and told you that we could still proceed with the purchase - at \$500K - with \$250,000 down and \$7,000 a month. This was agreed to by you also - and I went home thinking that everything was set up. Then - the issue of 5% interest came into the picture. This means that we will pay more than \$500K for IAT which is simply not something that we are going to do. This was the reasoning behind the \$475K sales price and 3% interest - so that the total would be \$500K.

Fred - I would really like to work with you on this. I think long - term this is something that will be profitable. At the same time - we are looking at early additional expenses (above the sales price for IAT) for and engine and other equipment.

We are willing to offer you this: Sales Price: \$500K. \$250K down - \$7000 a month interest free until paid (35.74 months). We are also willing to offer you free advertising for the acrobatics lessons - if you run the schedule through IAT and we take 20% (this will help pay for some advertising). We will provide you with a letter of intent and a deposit within two weeks. We will plan to assume ownership and begin operations as the new owners no later than AUG 1, 2004.

Let me know your thoughts. Wilson

Sincerely,

Wilson Gilliam
President
Chesapeake Bay Helicopters, Inc.
www.cbhelos.com

May 27 2004 12:03PM '04

CHESAPEAKE BAY HELICOPTERS, INC.

5172 West Military Highway, Suite E
Hampton Roads Executive Airport
Chesapeake, VA 23321

Website: www.cbhelos.com E-mail: info@cbhelos.com

CURRITUCK OFFICE

Phone: 757-288-9961, Fax: 252-232-3945
pkohler@cbhelos.com or phylliskohler@mchsi.com

Sg

ASSET
Lease

F A X

dated
5/27/04
1:08 PM

Date: 22 May 2004

To: Fred Cabanas, Fax 505-294-3577

From: Phyllis Kohler, Vice President, Chesapeake Bay Helicopters

Subj: Financials

Number of pages (including this cover): 1

1. Freddie, thank you for the sales liability sheets you faxed to us today. In going over everything from last fall, I find that we need a few other documents.
2. Will you please fax your 2003 tax returns for both companies to me at 252-232-3945. (Last Fall, you sent the tax returns for 2002 - 2000.)
3. I'd also appreciate your Profit and Loss Statements and Balance Sheets for 2003, 2002, 2001, 2000, to go along with the tax returns.
4. It's my understanding that:

M & F Flying, Inc., Federal ID No. 59-2038569, is a Florida corporation.
Operates as Island Aeroplane Tours. According to your tax
returns, this appears to be a "C" corporation.

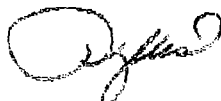
Island Aero Tours, Federal ID No. 66-0947213, is a Delaware company
and is used primarily for "holding" your aircraft. According to your
tax returns, this is an "S" corporation.

Is this all correct?

Thanks a lot. Hope you're having a nice weekend.

757-465-9946 Home
WILSON FAX

CPI + 29
HOLD Homeless



Subj: Paperwork
Date: 5/25/2004 3:17:08 PM Eastern Daylight Time
From: wgilliam@cbhelos.com
To: PittsSpecialS2c@aol.com
CC: pkohler@cbhelos.com

Fred,

In speaking with our attorney - it would be more helpful if you or your lawyer could draw up the following and submit to us for review. Since you are the Seller of the business - this would be an easier task:

1. Hangar and Office Lease Agreement.
2. Fred Cabanas Consulting Agreement (2 year) and Non-Competition Agreement
3. IAT Purchase documents (\$250K down/\$7000 month for remainder).

This would at least get us started on something. Also - we would really like for the \$250K to count toward the aircraft purchases - and then you can have a lien on them. We are trying to save ourselves from having to pay payments on those.

WG

Sincerely,

Wilson Gilliam
President
Chesapeake Bay Helicopters, Inc.
www.cbhelos.com

Subj: Re: Island AeroPlane Tours
Date: 4/9/2004 9:52:09 AM Eastern Daylight Time
From: wgilliam@cbhelos.com
To: PittsSpecialS2c@aol.com

Hey Fred - What kind of questions do you have? If you still want to sell - I am interested in working out some terms. My offer is not concrete - because I am willing to negotiate the terms with you... Please let me know. I am still interested in getting a helicopter in there and I would like to be able to offer both the biplane and helicopter tours. Let me know what you think. I will be in Key West starting Sunday at about lunchtime for a couple of days but I know you will be out of town.

Let me know what you want to do about the hangar. We can work out a lease payment. Thanks, old man - and be careful in Lakeland. Wilson
Sincerely,

Wilson Gilliam
President
Chesapeake Bay Helicopters, Inc.
www.cbhelos.com

----- Original Message -----

From: PittsSpecialS2c@aol.com
To: wgilliam@cbhelos.com
Sent: Wednesday, April 07, 2004 9:24 PM
Subject: Re: Island AeroPlane Tours

Hello Wilson

I have been so busy I haven't had much time to think about your offer. It seems the business is coming back. We grossed \$36,000 in March and doesn't include cash. My full time pilot Scott went back to Alaska the 1st of April until late Sept. I had to hire another full time pilot. He will start on the 20th of April is 28 with 500 hrs instructing in the back seat of a T-6 and has 800Hrs banner towing plus he has his A&P . I thing he will work out fine. As for the sale of IAT I have many questions, I have \$186,000 invested in our new hangar and expect to start construction May 1st. I hope so because I have been making payments since January. I will be leaving for Sun& Fun Sat. the 10th until the 18th of April. Give me a call, my cell is 305-923-4152

Fred

Subj: Island AeroPlane Tours
Date: 4/3/2004 7:33:46 AM Eastern Standard Time
From: wgilliam@cbhelos.com
To: PittsSpecialS2c@aol.com

Hey there Fred,

Hope things are going well. I wanted to write you a quick note to see if you would consider an offer for the Island Aeroplane business - that might be good for both of us. I am in the middle of a turbine helicopter purchase with a LIDAR and infrared camera mounted on the nose for about 2 million bucks. We just signed a new contract here and I want to be able to get the equipment I need. At the same time, I want to develop IAT if you want to sell.

Would you consider taking \$100,000 down and \$10,000 a month payments for 35 months? This would mean a sales price of \$450,000 instead of \$410,000. The other terms that we talked about would be the same - with the hangar and your consulting services in place. We would really like to get in there this summer with a helicopter also. Please let me know what you think. I think we can get along great - I'm easy to get along with - and we can make some money at the same time. I'd like to make a few changes to the business in terms of marketing to cruise ships and the company store. I'd also like to update the avionics in the Waco so that there is a clear interface between the pilot and the passengers. And, I'd like to add some digital pictures and video of the flight as well. Personally, I think with a dedicated effort, we can increase the IAT business by 25% in two years, 50% in four years and 100% in six years with some additional equipment investments.

Let's try to work this out somehow. Let me know.

Wilson

350

300

Sincerely,

Wilson Gilliam
President
Chesapeake Bay Helicopters, Inc.
www.cbhelos.com

Subj: IAT 02June2004
Date: 6/2/2004 7:49:20 PM Eastern Daylight Time
From: wgilliam@cbhelos.com
To: PittsSpecialS2c@aol.com

Freddie,

Sorry I haven't answered the phone when you called - it's hard to talk in the helicopter/airplane.

We had a meeting earlier this week. The others were a little surprised that the business had gone from \$410K to \$500K. We feel that we are ready to go - based on the following structure:

Sales Price: \$475,000
Interest Rate: 3%.
\$250,000 down and \$7,000 a month.

I don't want to beat you up on the price - but we have a consensus on this (I'll work a helicopter add on in there somehow - or buy you some shots at Sloppy Joe's)....

We are writing up a letter of intent now based on the above and will hand deliver it to you in a couple of weeks. I want you to meet my brother -etc. We will also be including a deposit with the letter of intent - what amount would be acceptable?

How are things going with your lawyer? We have agreed to split the cost of the lawyer with you as you suggested. We hope to have at least a rough draft of all the paperwork before the deposit check is provided.

Let me know something - Wilson

Sincerely,

Wilson Gilliam
President
Chesapeake Bay Helicopters, Inc.
www.cbhelos.com

Subj: Payment
Date: 10/4/2003 9:38:45 AM Central Standard Time
From: wgilliam@cbhelos.com
To: PittsSpecialS2c@aol.com

Fred,

Also..... How would you like to set up the payment? We could work out most whatever is best for you.

Wilson Gilliam
President
Chesapeake Bay Helicopters, Inc.
757.465.9936
www.cbhelos.com

Wilson Gilliam

From: "Wilson Gilliam" <wgilliam@cbhelos.com>
To: <Horton-Peter@northwestcommunity-1.org>
Cc: "Keray Nelson" <knelson@cbhelos.com>
Sent: Sunday, March 06, 2005 3:50 PM
Attach: CBH.EYW.PeterHorton.06March2005.doc
Subject: Chesapeake Bay Helicopters, Inc.

Dear Mr. Horton:

Please find the attached WORD file describing our efforts to move our helicopter tours business into the Key West Airport.

Please respond back to me at your earliest convenience.

Sincerely,

Wilson Gilliam
President
Chesapeake Bay Helicopters, Inc
757.465.9936 (USA)
www.cbhelos.com

5/11/2005

ATTACHMENT 2

CHESAPEAKE BAY HELICOPTERS

06 March 2005

To: Mr. Peter Horton
Director of Airport Services
Monroe County Government
Public Service Building
Stock Island, FL 33040
(305) 292.4500

Re: *Chesapeake Bay Helicopters, Inc and the Key West Airport*

Dear Mr. Horton:

Some time ago, two of our company representatives met with you regarding a proposed operation for helicopter tours at the Key West International Airport. Since that time, we have endeavored to locate a helicopter base there for the purposes of:

1. Conducting helicopter aerial tours of Key West.
2. Conducting 141 approved helicopter flight training.
3. Providing aerial photography and helicopter charter services.

We have attempted to locate an arm of our business at the Key West Airport via a number of efforts:

1. We have attempted to negotiate hangar or ramp space from Island City Flying Service.
2. We entered into a verbal agreement to purchase Island Aero Tours.
3. We have attempted to secure rental space from IAT.

We have repeatedly requested ramp or hangar space from Island City Flying Service. We have been informed that there was no room for those operations. Mr. Paul Depoo informed two of my employees that we would never be allowed to operate in competition with him on his ramp. We recently made additional requests for operating space and have been told that there is no additional space for such operations.

Last year, CBH entered into a verbal agreement to purchase Island Aero Tours from Fred Cabanas. Upon reaching Key West, Fred informed me that the price had just gone up \$50,000. As a result, my company decided that the IAT offer was void.

We have requested rental space from IAT in a new hangar facility recently constructed. We have been told that there was no additional room for helicopter operations.

Chesapeake Bay Helicopters, Inc. is interested in operating a helicopter business out of the Key West International Airport. We expect that our business operations will be free from harassment and undue delays resulting from maintenance and fuel requests. We also request to have the right to construct our own free standing hangar facility at the airport.

5172 W. Highway 90 • Suite 2 • Jacksonville • Florida 32211-1100

TEL: 904.244.4444 • FAX: 904.244.4444

www.cbhelos.com • info@cbhelos.com

However, we feel that we have the lawful right to have a business on Hwy 101 that runs through Port of Los Angeles.

We plan to initiate action under these facts within sixty days unless we have some relief to our current exclusion from the airport.

I want to make clear my intentions for an amicable settlement to this issue. A legal battle is the last resort for us and we do not feel that this issue would be most beneficial for the airport as a whole. We want to extend an attitude of friendliness and teamwork to the airport environment.

Please offer us any advice that you might have as to how best to proceed with this issue.

Sincerely,

William Gilliam
President

Mercado-Pedro

From: Horton-Peter
Sent: Monday, March 07, 2005 2:17 PM
To: 'Wilson Gilliam'
Cc: Mercado-Pedro; Willi-Tom
Subject: RE: Chesapeake Bay Helicopters, Inc.

Dear Mr. Gilliam:

Prior to late last week, I was unaware of the issues outlined in your attached letter. I am forwarding this email and the letter to our airport attorney, Mr. Pedro Mercado. He can be reached at (305) 292-3470.

As you know we are a very small field with very limited facilities. We currently have no vacant land to rent nor do we rent hangars to individuals.

We do have a hangar project under construction, however we simply lease the land underneath them. The hangars are leased by the KWIA Hangar Corporation, whose president is John M. Spottswood Jr. (305) 294-9556.

We are always willing to sit down and talk to anyone about any airport issue. Please let me know if you wish to discuss this further here at the airport.

Sincerely,

Peter J. Horton
Director of Airports

-----Original Message-----

From: Wilson Gilliam [mailto:wgilliam@cbhelos.com]
Sent: Sunday, March 06, 2005 2:51 PM
To: Horton-Peter@monroecounty-fl.gov
Cc: Karey Nelson
Subject: Chesapeake Bay Helicopters, Inc.

Dear Mr. Horton:

Please find the attached WORD file describing our efforts to move our helicopter tours business into the Key West Airport.

Please respond back to me at your earliest convenience.

Sincerely,

Wilson Gilliam
President
Chesapeake Bay Helicopters, Inc.
757.465.9936 (USA)
www.cbhelos.com

ATTACHMENT 3

3/10/2005

ore-Bevette

From: Horton-Peter
Sent: Monday, April 04, 2005 8:58 AM
To: Moore-Bevette
Subject: FW: Meeting in Florida

Original Message-----

From: Wilson Gilliam [mailto:wgilliam@cbhelos.com]
Sent: Saturday, April 02, 2005 4:49 PM
To: Peter Horton
Subject: Fw: Meeting in Florida

Horton:

Can you be able to provide the public documents below - at Friday's meeting?

Thanks for your help.

son

Original Message -----

From: Wilson Gilliam
Horton-Peter@MonroeCounty-FL.Gov
Mercado-Pedro@MonroeCounty-FL.Gov ; RogerFlys@aol.com ;
Elliskohler@mchsi.com ; knelson@cbhelos.com
Sent: Wednesday, March 30, 2005 8:29 AM
Subject: Re: Meeting in Florida

Dear Mr. Horton:

Thank you for your message. I am able to meet with you on Friday, April 8th at your convenience. Please let me know the address and the time.

I am in need of additional information - and am hoping that they can be provided to me during my brief visit.

I would like to have a sample RFP application from the County - or the Authority.

I also need a copy of the present FBO's application and lease.

ATTACHMENT 4

4/2005

urse - while I am there, I would like to talk about both Key West and Marathon Master
i.

lan to file out formal application with you during the first part of April. The process is
ntly ongoing.

k you for your assistance with this.

arely,
on Gilliam

- Original Message -----

From: Horton-Peter@MonroeCounty-FL.Gov
: wgilliam@cbhelos.com ; Horton-Peter@MonroeCounty-FL.Gov
: Mercado-Pedro@MonroeCounty-FL.Gov ; RogerFlys@aol.com ;
phylliskohler@mchsi.com ; knelson@cbhelos.com
Sent: Tuesday, March 29, 2005 4:44 PM
Subject: RE: Meeting in Florida

at time frame is very open for me at this time. The 6th and 8th are completely free and the
ernoon of the 7th is free. Please let me know what you travel plans are as soon as you
n. Thanks. Peter Horton.

-----Original Message-----

From: Wilson Gilliam [<mailto:wgilliam@cbhelos.com>]
Sent: Monday, March 28, 2005 12:11 PM
To: Peter Horton
Cc: Mercado-Pedro@MonroeCounty-FL.Gov; RogerFlys@aol.com; phylliskohler; Karey
Nelson
Subject: Meeting in Florida

Dear Mr. Horton:

I am available to meet with you anytime during the April 6th - April 8th. Are you
available during that time frame?

I would like to speak with you about possible locations for our operations at KEYW and
at Marathon Airport. I would also like to take a look at the Master Airport Plans for both
airports. I would like to make XEROX copies of building areas.

I will also be taking aerial photos from my airplane while I am there so that we can complete our application very soon. We have already starting working on the formal application - and we need to narrow down possible building sites/leasing sites.

Please let me know if the dates above work within your schedule. Thank you for your consideration - and I hope you had a nice Easter.

Sincerely,
Wilson Gilliam
President
Chesapeake Bay Helicopters, Inc
757.465.9936 (USA)
www.cbhelos.com

than one FBO. Further, Chesapeake Bay Helicopters has not notified Monroe County or this office that they wish to establish an FBO at the Key West International Airport. It is our understanding that you have approached Airport Management to commence aerial tour operations as a Specialized Aviation Service Operation (SASO).

Although you indicated that Mr. Paul Depoo of Island City Flying Services has previously refused your request for an apron area lease, this office has recently been notified by Monroe County that Mr. Depoo has available apron area and he is obligated to allow you to access to this apron. Mr. Depoo is not, however, required to sublet to you any of the office space he holds for his FBO operation. Therefore, if you commence operations at Key West International Airport on apron space leased to you by Island City Flying Service, you may need to search for an off-airport facility to manage your aerial tour operation. Airport Management has indicated that this type of operation has been performed in the past from Key West International Airport.

Further, in a November 15, 2005 meeting with Peter Horton, Airport Manager for Key West International Airport, this office was informed that airport management has discussed with Mr. Depoo your proposed operation. Mr. Horton is awaiting further contact from you to orchestrate a meeting among concerned parties to negotiate the terms of your operation.

You assert that Island City does not require all of the leased apron areas. Although this may be possible, as mentioned above, it may be impractical to have another FBO at Key West International Airport. Further, the presently vacant apron area is available for lease from Island City.

Overflow Apron—Your letter discusses the availability of the “overflow apron”, or that apron area adjacent to Taxiways A-1 through A-4. This area may be available for lease to you, and we would encourage you to inquire of its availability from Island City Aviation. However, this area would not offer adequate space to construct facilities, nor would it adequately provide surface access for customers of your aerial tour operation. Use of this area would likely require a motor vehicle to operate on or adjacent to Taxiway Alpha. The feasibility of this operation should be discussed with Airport Management.

Further, in reviewing the Airport’s current FAA-approved Airport Layout Plan (ALP), we do not see any other developable land for the construction of office or hangar space.

Minimum Standards—This office does not feel that the minimum standards for a SASO at Key West International Airport are unreasonable. In addition, airport management has, in the past, worked with perspective tenants to waive some of the minimum standards to allow companies to operate. You should speak to the airport manager directly to determine if any minimum standards could reasonably be waived in this situation.

However, it should be noted that the recreational vehicle that you presented a photo of was temporarily allowed at Key West International Airport while a new hangar is being constructed to house this operation. This hangar, which is expected to be completed in December 2005, will allow this aerial tour operator to meet all of the minimum standards as a SASO.

Master Plan—It is a normal and acceptable practice for aviation consultants to solicit the opinions of FBO tenants when determining the need for additional transient apron space. This process does not award the existing FBO additional apron area without bidding; the action simply helps determine the need for additional space based on current demand. Typically, FBO management and staff have the best information regarding transient demand. If the Master Plan determined the need for additional transient apron, and space were available to construct such apron, we expect that Monroe County would put this out for competitive bid. However, as your letter addresses, the airport has sufficient transient apron areas available at this time.

Part 16—We have reviewed the Part 16 Director's Determination for Roger Leonard, Cardinals' Pilot Shop, Incorporated vs. Chesapeake Airport Authority. Although it may appear that that this case parallels the situation at Key West, it appears that the Chesapeake Airport Authority had unreasonable minimum standards and land to construct office space on, but they were unwilling to allow construction. The Key West International Airport does not appear to have unreasonable minimum standards and they are unable to offer any existing office space, or any land to construct new office space on. In addition, recognizing the lack of space at Key West, Monroe County has offered accommodations at the nearby Marathon Airport.

Finally, you requested approval from this office to file a Part 16 complaint regarding this matter. Please be advised that you do have the option of filing a formal Part 16 complaint regarding this matter, and you are not required to have approval from this office to do so. However, those who file a Part 16 formal complaint are required to attempt to informally resolve the conflict at a local level first. Therefore, we strongly encourage you to reengage airport management as well as FBO management to attempt to negotiate terms of operation for your aerial tour operation at Key West International Airport.

Sincerely,

Original Signed By

Rebecca R. Henry
Program Manager
Planning and Compliance

cc:
Peter Horton, Key West International Airport

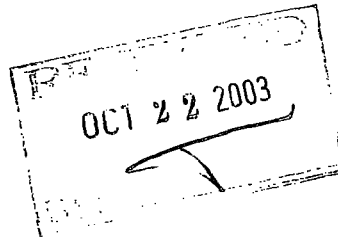


U.S. Department
of Transportation
Federal Aviation
Administration

Orlando Airports District Office
5950 Hazeltine National Dr., Suite 400
Orlando, FL 32822-5024
Phone: (407) 812-6331 Fax: (407) 812-6978

October 20, 2003

Mr. William E. Andersen
501 Whitehead Street
Key West FL 33040-6585



Dear Mr. Andersen:

The Federal Aviation Administration (FAA) has completed its review of concerns that the Monroe County Board of County Commissioners, owner/operator of Key West International Airport (EYW) is not operating the airport in a manner consistent with the applicable Federal obligations. (Reference your September 10, 2003 letter to our office, requesting we review your July 18, 2003 letter to Mr. Peter Horton, Airports Director.)

You alleged the following:

Your client (Walter Tarbert of Southernmost Aviation, Inc.) is being unfairly discriminated against, in not be given permission to operate a Fixed Base Operation (FBO) at the Key West International Airport.

You perceived that these activities constituted violation of the following Federal obligations:

Federal Aviation Law 49 USC Sec. 40103, FAA Regulation 14 CFR Part 152, FAA Orders 5190.1 (Exclusive Rights at Airports) and 5190.6 (Airport Compliance Requirements).

Our evaluation of your allegations consisted of the following:

Review of EYW Minimum Standards (which were approved by our office in 6/94), existing Lease between Island City Flying Service and Monroe County, your July 18, 2003 letter to Mr. Horton, his September 30, 2003 response to our September 17, 2003 request for situation summary and FAA Advisory Circular 150/5190-5, "Exclusive Rights and Aeronautical Activities on Public Airports" (copy enclosed).

ATTACHMENT 6

Based on our evaluation of your allegations, we concluded the following:

EYW does not appear to have committed an exclusive rights violation or unreasonable restrictions, since there does not appear to be available airport land or facilities, at the present time (reference Paragraph 1-3.c., per enclosed).

Please note that the current lease between Island City Flying Service and Monroe County does expire on December 31, 2004, with renewal option to extend for two consecutive five year terms. This issue may be more appropriately addressed at that time.

Against this background, the Monroe County Board of County Commissioners does not appear to us to have violated the obligations as set forth in its airport development assistance grant agreements.

Therefore, on the basis of our above-discussed evaluation, we conclude that this matter warrants no further FAA action. This conclusion is not a final agency action subject to judicial review.

We refer you back to the airport owner, the Monroe County Board of County Commissioners, for further appeal of your situation.

Sincerely,

Original Signed By

Susan A. Moore, P.E.
Program Manager

Enclosure

cc:
Peter Horton, Director of Airports
ASO-620H



Mercado-Pedro

From: Wilson Gilliam [wgilliam@cbhelos.com]
Sent: Friday, April 22, 2005 3:50 PM
To: Mercado-Pedro@MonroeCounty-FL.Gov
Subject: Re:

As a footnote to my last message - I really do not desire to operate out of Marathon initially - since the bulk of our market is made up of cruise ship passengers. I think we can make this work, somehow. Will be in touch.

— Original Message —

From: Mercado-Pedro@MonroeCounty-FL.Gov
To: wgilliam@cbhelos.com
Cc: Horton-Peter@MonroeCounty-FL.Gov ; Collins-John@MonroeCounty-FL.Gov ; Paros-Reggie@MonroeCounty-FL.Gov
Sent: Friday, April 22, 2005 3:42 PM

Dear Mr. Gilliam,

Let me preface this response by first saying that, as we have in the past, we would encourage you to continue working with both Freddie and Paul to see if there is a business arrangement that can be reached that is satisfactory to all involved. We would also encourage you to consider Marathon Airport.

In your latest e-mail you stated that you believe that you have the right to operate your helicopter business at the Key West International Airport. Now this may be just a case of semantics but, to clarify, you may have a right to compete for operations out of KWIA, but you don't have a right to operate at KWIA. Claiming a right infers an absolute which is simply not the case. Everyone who can meet reasonable, relevant minimum standards and who is willing to comply with airport requirements has a right to compete for operations at any given airport but it does not mean that they have a right to operate there. Taken to its logical conclusion, an airport would face an impossible task if in fact it had to allow everyone who qualified onto the airport. Space restrictions alone would make it impossible, not to mention issues of safety and efficiency of operations. This leads me in to the situation that we currently face at KWIA. If you have information to the contrary then please correct me but as it currently stands, the terminal has no available space. The reality of the situation is that we are bursting at the seams, as I am sure you took note of during your recent visit. Nor do we have any available property to lease to you. Again as you are aware, the land area of the airport is not very large and the property not used by the airport itself is leased in part to the F.B.O. and in part a corporation formed to develop hangars and there is simply no other land available. Given the current situation at KWIA, the only way to accommodate you would be to break one of our current leases. As a businessman, you can certainly understand why we cannot interfere with the leases that are currently in place. Neither you nor any businessman would allow that to occur without filing a lawsuit. All that being said you have certainly made what appears to be lucrative offers to both Freddie and Paul and I would certainly hope that they would seriously consider your offer. As for the airport, again although we are at capacity at KWIA, there is space available at Marathon Airport. However, I should inform you that there is a development moratorium at Marathon pending F.A.A. review of the master plan and resolution of the taxiway - runway separation configuration. There is also a small private airport located on Sugarloaf Key that may meet your needs.

Lastly, I understand that ideally you would like to operate at KWIA but if there is no space available I don't understand what it is that you believe KWIA can do. If I am incorrect and there is information that is available to you indicating that there is available space at KWIA, please inform me of what it is.

ATTACHMENT 8

4/25/2005